



Director of  
Central  
Intelligence

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EL SALVADOR: Tensions in the Military

*//The growing rivalry between Defense Minister Garcia and Vice President Gutierrez--the nominal Commander in Chief--reportedly is causing renewed tensions in the officer corps and could detract from the war effort and threaten the credibility of the election.*

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//Garcia anticipates that the constituent assembly will have unprecedented powers, and he is moving to ensure his control of the military by appointing officers loyal to him to key garrisons. In the past two weeks, Garcia also has transferred to unimportant assignments several middle-level officers suspected of having "left-ist" tendencies.//

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//The Defense Minister's political moves reportedly have increased strains in the officer corps and indicate some hedging of the military's pledge of impartiality in the electoral process. Some field commanders loyal to Garcia reportedly have been encouraged to support right-ist parties and to hamper the campaign of the Christian Democrats.//

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//Gutierrez also wants to play a pivotal role in the provisional government to be named by the new constituent assembly. Although he is a rightist, he projects an image of pragmatic moderation by working constructively with civilians and US officials.//

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Comment: //Gutierrez may believe that he could become a political casualty if the far right wins. In the past, he has tried unsuccessfully to neutralize key Garcia loyalists. His position could become even more difficult if the military hardens its line following the elections.//

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//Most officers who are aware of the current rift in the high command probably sympathize with a harsher policy against the insurgents, particularly in light of the guerrillas' more effective military operations and exploitation of the media. Moreover, the armed forces

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generally distrust civilian politicians, whom they believe may try to undermine military autonomy or sell out national interests by bargaining with the insurgents.//



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USSR: Conference of Communist Parties

*The Soviets have cautiously endorsed the idea of an international conference of Communist parties in a recent article in the party journal.*

The article, which reaffirms the leading role of the USSR and the Soviet party in the international Communist movement, contends that attendance would be voluntary and that it is not necessary for "absolutely all parties" to agree in order to convene it. The Italian and French parties reportedly expressed opposition last November to holding another conference.

The last major Communist convocation, a meeting of European parties in Paris in 1980, was boycotted by the Spanish, Yugoslavs, Romanians, and Italians.

Comment: The endorsement probably reflects Soviet consternation over the current dissension and demoralization among Communists in Western Europe caused by events in Poland. Moscow may want to arrange a conference now--as it did in 1980 under similar conditions created by its involvement in Afghanistan--to demonstrate at least some international Communist solidarity in support of Soviet policies. The Soviets are anxious to divert West European attention from Poland to NATO's plans on INF and to restore momentum to the involvement of Communist parties in the so-called peace movement.

Moscow would have to settle, however, for only a symbolic declaration of support from a poorly attended conference. Even fewer foreign parties would agree now to attend a Soviet-sponsored meeting as a result of events in Poland.

The Soviets would make use of such a conference to criticize other Communist parties, such as the Italian party, that have publicly disagreed with the USSR over Poland and other issues. There is even a remote possibility that the Soviets would consider using a conference--as they did in 1948 against the Yugoslavs and in 1960 against the Chinese--to denounce the Italian party or even to expel it from the international Communist fraternity.

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POLAND: Bishops' Meeting

Poland's bishops are expected to issue a policy statement today following a two-day session presided over by Archbishop Glemp. The meeting, which several Western press reports called "stormy," is the first since Glemp led a delegation earlier this month to the Vatican for talks with Pope John Paul II. [redacted]

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Comment: The bishops last met in early January, when they issued a strong message, which Glemp partly counteracted by a more moderate one of his own. Although the hierarchy continues to be divided, the bishops' statement is likely to be in line with Glemp's approach. It probably will condemn the repression under martial law--especially the internment policy. At the same time, however, it will also seek to use Premier Jaruzelski's call for national reconciliation, which he made in his recent Central Committee speech, to urge the regime to follow through on its promise. [redacted]

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FRANCE-USSR: Gas Pipeline Financing

//The recent decision by a group of state-owned French banks to lend the Soviets \$140 million to finance purchasing of French equipment for the Siberian natural gas pipeline is the latest reflection of Paris's commitment to the project, even at the cost of angering its allies. The new loan covers the final 15 percent of the estimated \$1 billion needed to finance Soviet purchases of French equipment. The loan is at a variable commercial rate, currently about 17 percent, compared with the fixed 8.5 rate the banks agreed to in late 1980 for the other 85 percent of the financing.// [redacted]

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Comment: //Moscow's success in gaining French financing of the entire hard currency cost will particularly rankle the West Germans. Last month, at Bonn's insistence, West German bankers turned down a request by the Soviets to finance the final 15 percent of the cost of West German contracts. The bankers contend that their refusal also was based on a gentlemen's agreement with the French. They probably now fear they could lose other Soviet business if they do not treat the Soviets as well as the French have.// [redacted]

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HUNGARY: Dissident Activity

//There is additional evidence of contacts between Hungarian dissidents and the Solidarity underground. An unidentified dissident group in Hungary has put together and circulated a collection of documents on resistance to martial law in Poland, including translations of Solidarity bulletins, the statement on 15 December by Poland's bishops, and lists of Polish internees. Several times since the imposition of martial law, Hungarian students have smuggled copies of Solidarity documents out of Poland for broadcast or publication in the West.//

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Comment: //This appears to be the first time that such items have been reproduced and circulated in Hungary. The regime probably will not take repressive measures against the dissidents because of party leader Kadar's generally lenient approach toward them and because of growing concern about the Polish situation. The political sensitivity of this issue, however, may result in some official response.//

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LIBYA-GHANA: Pledges of Aid

//Press reports state that Libya has promised to supply oil and extend economic aid to Ghana in the form of joint projects. According to the reports, a Ghanaian delegation to Tripoli returned home on Wednesday with Libyan pledges to send two shiploads of oil as a sign of solidarity. Ghana has been unable to assure oil deliveries from Nigeria, its major supplier, because of a shortage of foreign exchange.//

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Comment: The Libyan pledges could give Tripoli more leverage on the new regime in Accra, which is beset by economic and security problems. Even if the Libyans do not follow through with aid, radical Ghanaian elements probably will attempt to use the promised aid to push Head of State Rawlings closer to Libya.

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LIBYA: Consumer Goods Shortages

//Import restrictions intended to offset declining oil revenues are making the sporadic shortages of consumer goods worse in Libya. Consumer complaints have grown in recent weeks

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The decline in revenues has been caused mainly by the soft oil market and Libya's reluctance to trim prices.//

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Comment: //Increasing disgruntlement among consumers is not likely to develop into a threat to the regime because most Libyans have become accustomed to prolonged shortages of goods and services. The new shortages probably are due more to the chaotic reorganization of the private sector and to the inadequacy of the distribution system than to declining revenues. Despite declining oil revenues, essential imports can be paid for easily this year by drawing down reserves or by cutting nonessential imports.//

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TURKEY-OECD: Aid Session in Doubt

The OECD has postponed its spring pledging session for Turkey because of the improvement in Turkey's balance of payments and political objections by some OECD countries to Ankara's military rule. The group has provided Turkey with about \$3 billion in aid over the last three years, and the OECD has not decided whether to reschedule or cancel the session. [redacted]

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Comment: Turkey's export earnings have more than doubled under its stabilization program of 1980, and the postponement is not critical economically. With continued support from the IMF and aid from the US, West Germany, and OPEC, the Turks should be able to meet their needs without a formal pledging session. Ankara will be concerned, however, that the adjournment will lead donors to reduce their aid. The Turks also are likely to regard a lack of unified support as a political slight, aggravating their deteriorating relations with Western Europe. [redacted]

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CANADA: Synthetic Oil Project Collapsing

//Three more oil companies this week announced their withdrawal from the \$13 billion Alsands synthetic oil project. Amoco and Chevron Standard withdrew earlier this month. Half of the original projected investment capital has now been pulled out of the project. Synthetic oil has figured prominently in Ottawa's plans for eventual oil self-sufficiency.// [redacted]

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Comment: //The additional cancellations virtually doom the project. Although the companies are asking for more subsidies, their reluctance stems as much from the prospect of declining real oil prices and a further increase of capital costs. Cancellation of Alsands would heighten criticism of the government's restrictive economic policies and may make Canada more dependent on imported oil in the 1990s.// [redacted]

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SOUTH KOREA - JAPAN: Aid Talks Continue

The South Koreans appear to have convinced the Japanese of the need to increase aid over the next five years. In recent working-level talks in Tokyo, the Japanese accepted seven of Seoul's 11 development projects as possibilities for low-interest yen loans but rejected commodity loans, which Japan normally extends to the poorest developing countries.

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THAILAND: Narcotics Traffickers Return

//Shan United Army forces are infiltrating back into northern Thailand after having been routed during anti-narcotics operations that took place from 21 January to 9 February. Most Thai troops have withdrawn from the area. The Shan United Army has carried out reprisals against villagers and has regained some local logistic support. Narcotics refining operations, meanwhile, have resumed farther north on the Burmese side of the border.//

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Comment: //The infiltration of the Shan forces underlines the difficulty government forces will encounter in suppressing narcotics trafficking over the long term.//

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